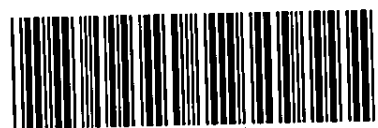


The Emmanuel Schools Foundation

Report and Consolidated Accounts

31 August 2008

TUESDAY



	PDB57AYX	
PC3	23/06/2009	346
	COMPANIES HOUSE	
	A614QAUD	
A19	19/06/2009	270
	COMPANIES HOUSE	

Company registration number
4464331

Charity registration number
1093739

THE EMMANUEL SCHOOLS FOUNDATION
Report and Consolidated Accounts
Contents

	Page
Charity information	1
Trustees' report	2
Independent auditors' report	6
Consolidated statement of financial activities	8
Statement of financial activities (main Charity)	9
Consolidated income and expenditure account	10
Consolidated statement of total recognised gains and losses	10
Balance sheets	11
Consolidated cash flow statement	12
Notes to the accounts	13

THE EMMANUEL SCHOOLS FOUNDATION

Charity information

Company number 4464331

Charity number 1093739

Trustees John Burn OBE (retired 19 November 2008)
David Vardy
Lady Margaret Vardy
Sir Peter Vardy (Chairman)
Richard Vardy
Nigel Robson (appointed 9 December 2008)
Lord Bates of Langbaugh (appointed 9 December 2008)
Rob Parsons (appointed 9 December 2008)
Canon Ann Holt (appointed 9 December 2008)

Secretary Patricia Rowland

Auditors Kinnair and Company
Aston House
Redburn Road
Newcastle Upon Tyne
NE5 1NB

Solicitors Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Eversheds LLP
Central Square South
Orchard Street
Newcastle Upon Tyne
NE1 3XX

Bankers Barclays Bank plc
71 Grey Street
Newcastle Upon Tyne
NE99 1JA

Registered office Venture House
Ayckley Heads
Durham
DH1 5TS

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their report and accounts for the year ended 31 August 2008. These are prepared in accordance with applicable accounting standards, the recommendations of Statement of Recommended Practice: Accounting and Reporting by Charities, and the Companies Act 1985.

Reference and administrative details

The Emmanuel Schools Foundation (ESF, The Foundation, the Company, the Charity) is a company limited by guarantee (registered number 4464331) and a registered Charity.

As a company limited by guarantee, the Foundation does not have share capital. Every member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

The Foundation is registered with the Charity Commission as a main Charity (registered number 1093739) with four registered subsidiary charities, Emmanuel College, The King's Academy, Trinity Academy and Bede Academy. The registered office of the Charity is shown on page 1.

The Charity also holds directly all of the issued share capital in EC Educational Services Limited and, through Bede Academy, controls Bede Academy (Project Management) Limited, both of which are trading companies that provide design and building services and educational consultancy during the initial development of the academies.

Structure, governance and management

The relevant governing documents of the Foundation are its Memorandum and Articles of Association dated 19 June 2002.

The governing body of the Charity is the Board of Trustees, which currently comprises seven members. The Trustees who acted during the year and up to the date of this report are shown on page 1.

Trustees are appointed initially by the Board of The Vardy Foundation and may serve for four years. Retiring Trustees are eligible for re-election at the meeting at which they retire.

All new Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. As there are normally very few changes to Trustees, induction is tailored specifically to the individual.

Each of the Charity's subsidiaries appoints a Board of Directors or Trustees in accordance with its own governing document. The Board of ESF is responsible for overall policy; general policy decisions and the responsibility of day-to-day management is delegated to the Board of each subsidiary.

The Trustees are committed to performing an annual review of the risks facing the Group, the establishment of systems and procedures to mitigate identifiable risks, and the implementation of procedures designed to minimise any potential impact on the Group should any of those risks materialise.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' report (continued)

Objectives and principal activity

The principal object and activity of the charitable Company is the operation of a group of schools comprising two Academies and a City Technology College, which provide education for pupils of different abilities between the ages of 11 and 18. A third Academy will be opened in September 2009 to provide education for pupils between the ages of 3 and 18 in Blyth, Northumberland.

Each school follows the objectives laid down by the Department for Children, Schools and Families (DCSF), which, by their nature, are both annual and long term. Those objectives are summarised below:

- to raise the standard of education achievement of all pupils;
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care;
- to improve the effectiveness of the school by keeping the curriculum and structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct our business in accordance with the highest standards of integrity, probity and openness.

Disabled persons

The policy of the Foundation is to support the teaching and employment of disabled persons both in recruitment and by retention of staff and students who become disabled during their time at the Foundation Schools, as well as generally through training and career development. Lifts, ramps, automatic doors and disabled toilets are installed and door widths are suitable to enable wheelchair access to all the main areas of the schools.

Achievements and performance

The Foundation's three existing schools again made great strides forward in terms of academic excellence with the headline figures for all three at GCSE and A Level showing improvement. Emmanuel College remains in the top ten comprehensive schools in the country and The King's Academy and Trinity Academy both sit high in their Local Authority league tables having taken over from predecessor schools which were in and around the bottom of those tables five years ago.

The work on the Foundation's fourth school, Bede Academy in Blyth, continues apace towards opening in September 2009. As it will incorporate both a nursery and the primary years (as an all age academy its range is from 3-18), much work is already being done in preparation for the academic and personal development challenges that the Academy will bring.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' report (continued)

Financial review

Most of the Group's income is obtained from either the DCSF in the form of recurrent grants, or from the relevant Local Education Authority (LEA), the use of which is restricted to particular purposes. Annual grants received during the year ended 31 August 2008 and the associated expenditure are shown as restricted income funds in the Statement of Financial Activities.

Capital grants are shown in a separate restricted fixed asset fund which is reduced by transfers of amounts equivalent to any depreciation charges over the expected useful life of the assets concerned.

Net incoming resources for the year after transfers amounted to £6,083,910, before actuarial losses in respect of the Group's pension schemes of £528,000.

At 31 August 2008 the net book value of fixed assets was £54,986,351, and movements in tangible fixed assets are shown in Note 10 to the accounts. The assets are used exclusively for providing education and associated support services to the pupils of the Foundation's schools.

The Group held fund balances at 31 August 2008 of £59,420,499, comprising £1,588,775 unrestricted funds and £57,831,724 of restricted funds. The fund balances are adequate to fulfil the current and foreseeable obligations of the Group.

The principal risks facing the Group relate to teaching, school trips, bullying and general health and safety. As part of their risk review, the Trustees have considered the guidance for Directors of public listed companies contained within the Turnbull report. They believe that although it is not mandatory for the group, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly, they have set policies on internal controls which cover the following:

- the type of risks each school faces;
- the level of risks which they regard as acceptable;
- the ability to reduce the incidence and impact of risks that do materialise;
- the likelihood of the risks materialising;
- the responsibility of management to implement the Trustees' policies;
- the responsibility of management to identify and evaluate risks for consideration by the Trustees;
- employees responsibility for internal control as part of their accountability for achieving objectives;
- the cost of operating particular controls relative to the benefit obtained;
- the embedding of control system in operations so that it becomes part of the entity's culture.

Consolidation

The consolidated accounts reflect the combined financial activities and balances of The Emmanuel Schools Foundation, Emmanuel College, The King's Academy, Trinity Academy, Bede Academy, EC Educational Services Limited and Bede Academy (Project Management) Limited.

THE EMMANUEL SCHOOLS FOUNDATION
Trustees' report (continued)

Statement of Trustees' responsibilities

The Trustees are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit for that period. In preparing those accounts, the Trustees are required to: select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue its activities.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the accounts comply with statutory requirements and with the Charity's constitution and rules. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each Trustee at the date of approval of this report is aware:

- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Plans for future periods

The Foundation has continued to receive enquiries from local authorities and other groups regarding the possibility of bringing an ESF Academy to their areas, the most significant of which has been Northumberland. As a result of this, the Secretary of State for the DCSF has approved the construction of a new Academy in Blyth, Northumberland which will be called Bede Academy. This Academy will cater for pupils aged from 3 to 18 years and is scheduled to open in September 2009. Construction work on Bede Academy is well underway and is on schedule.

In general terms, the Foundation continues with its aim to provide places for 10,000 school places in the North-East of England although no specific date can be set for that to be achieved as current expansion under the Academies programme is dependent upon local authority initiative. At present, Emmanuel College, The King's Academy and Trinity Academy offer almost 4,000 places. This will increase to nearly 6,000 places when Bede Academy in Blyth opens in 2009.

Approval

This report was approved by the Board on 6 March 2009 and signed on its behalf by:



Sir Peter Vardy
Chairman

THE EMMANUEL SCHOOLS FOUNDATION
Independent auditors' report to the members of
The Emmanuel Schools Foundation

We have audited the accounts of The Emmanuel Schools Foundation for the year ended 31 August 2008 which comprise the Statements of Financial Activities and Balance Sheets for the Group and the main charitable Company, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the charitable Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The responsibilities of the Trustees, who are also the Directors of the Company for the purposes of company law, for preparing the annual report and accounts in accordance with applicable law and United Kingdom accounting standards are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' report is not consistent with the accounts.

In addition, we report to you if, in our opinion, the Charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Charity is not disclosed.

We read the Trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

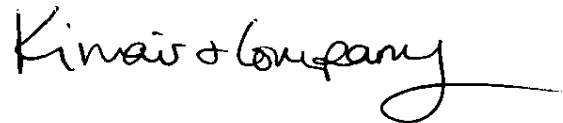
The Independent Auditors' Report continues on the following page

THE EMMANUEL SCHOOLS FOUNDATION
Independent auditors' report to the members of
The Emmanuel Schools Foundation (continued)

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable Company's affairs as at 31 August 2008 and of its surplus for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' report is consistent with the accounts.



Kinnair and Company
Chartered Accountants & Registered Auditors
Newcastle Upon Tyne

6 March 2009

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated statement of financial activities
for the year ended 31 August 2008

	Notes	Unrestricted funds £	Restricted income funds £	Restricted fixed asset funds £	Total funds 2008 £	Total funds 2007 £
Incoming resources						
Voluntary income	2	-	6,489	-	6,489	19,346
Activities for generating funds:						
- facilities hire		40,553	-	-	40,553	52,398
Investment income:						
- bank interest receivable		294,099	161	-	294,260	199,642
Incoming resources from charitable activities:						
- public sector funding	3	-	22,582,444	6,800,868	29,383,312	22,095,013
- school meals income		-	864,089	-	864,089	833,229
Other income		394,976	12,224	-	407,200	1,932
Total incoming resources		729,628	23,465,407	6,800,868	30,995,903	23,201,560
Resources expended						
Charitable expenditure						
Charitable activities:						
- provision of education	4	15,066	15,912,750	1,336,782	17,264,598	17,257,338
- support costs	5	-	3,062,379	633,572	3,695,951	2,778,929
- provision of school meals		-	1,204,887	-	1,204,887	1,159,446
Governance costs	6	5,289	2,302,461	438,807	2,746,557	2,078,933
Total resources expended		20,355	22,482,477	2,409,161	24,911,993	23,274,646
Net incoming (outgoing) resources before transfers		709,273	982,930	4,391,707	6,083,910	(73,086)
Transfer between funds	7	-	(353,902)	353,902	-	-
Net incoming (outgoing) resources before other recognised gains and losses		709,273	629,028	4,745,609	6,083,910	(73,086)
Actuarial (losses) gains on defined benefit pension schemes	20	(528,000)	-	-	(528,000)	406,000
Net movement in Funds		181,273	629,028	4,745,609	5,555,910	332,914
Funds brought forward		1,407,502	2,216,345	50,240,742	53,864,589	53,531,675
Funds carried forward		1,588,775	2,845,373	54,986,351	59,420,499	53,864,589

THE EMMANUEL SCHOOLS FOUNDATION
Main Charity's statement of financial activities
for the year ended 31 August 2008
(incorporating an income and expenditure account)

	Unrestricted funds £	Restricted income funds £	Total funds 2008 £	Total funds 2007 £
Incoming resources				
Voluntary income				
- external donations	-	-	-	6,200
- donations from subsidiaries	119,156	-	119,156	-
- investment income	17,369	-	17,369	-
Total Incoming Resources	136,525	-	136,525	6,200
Resources expended				
Charitable expenditure				
Governance and administration costs	5,102	-	5,102	6,854
Total resources expended	5,102	-	5,102	6,854
Net incoming (outgoing) resources for the year	131,423	-	131,423	(654)
Net movement in Funds	131,423	-	131,423	(654)
Funds brought forward	264,920	-	264,920	265,574
Funds carried forward	396,343	-	396,343	264,920

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated income and expenditure account
for the year ended 31 August 2008

	Notes	2008 £	2007 £
Income		30,701,643	23,001,918
Direct expenditure			
Provision of education	4	(15,927,816)	(15,669,865)
Provision of school meals		(1,204,887)	(1,159,446)
Gross surplus		13,568,940	6,172,607
Support costs	5	(3,062,379)	(2,362,952)
Governance costs	6	(2,307,750)	(1,701,395)
Surplus before depreciation		8,198,811	2,108,260
Depreciation of fixed assets		(2,409,161)	(2,380,988)
Operating surplus (deficit)	8	5,789,650	(272,728)
Interest receivable		294,260	199,642
Retained surplus (deficit) for the financial year		6,083,910	(73,086)

Consolidated statement of total recognised gains and losses
for the year ended 31 August 2008

	Notes	2008 £	2007 £
Surplus (deficit) for the financial year		6,083,910	(73,086)
Actuarial (losses) gains	20	(528,000)	406,000
Total recognised gains related to the year		5,555,910	332,914

THE EMMANUEL SCHOOLS FOUNDATION

Balance sheets

as at 31 August 2008

	Notes	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Fixed assets					
Tangible assets	10	54,986,351	50,240,742	-	-
Investments	11	-	-	1	1
		<u>54,986,351</u>	<u>50,240,742</u>	<u>1</u>	<u>1</u>
Current assets					
Debtors	12	1,963,221	603,418	75,358	-
Cash at bank and in hand		6,802,891	5,060,436	430,840	427,168
		<u>8,766,112</u>	<u>5,663,854</u>	<u>506,198</u>	<u>427,168</u>
Creditors: amounts falling due within one year	13	<u>(3,613,964)</u>	<u>(1,962,007)</u>	<u>(109,856)</u>	<u>(162,249)</u>
Net current assets		<u>5,152,148</u>	<u>3,701,847</u>	<u>396,342</u>	<u>264,919</u>
Total assets less current liabilities		<u>60,138,499</u>	<u>53,942,589</u>	<u>396,343</u>	<u>264,920</u>
Net assets excluding pension liabilities		<u>60,138,499</u>	<u>53,942,589</u>	<u>396,343</u>	<u>264,920</u>
Pension scheme liabilities	20	<u>(718,000)</u>	<u>(78,000)</u>	<u>-</u>	<u>-</u>
Net assets		<u>59,420,499</u>	<u>53,864,589</u>	<u>396,343</u>	<u>264,920</u>
Funds					
<i>Unrestricted funds:</i>					
- general fund		2,306,775	1,485,502	396,343	264,920
- pension reserve		<u>(718,000)</u>	<u>(78,000)</u>	<u>-</u>	<u>-</u>
		<u>1,588,775</u>	<u>1,407,502</u>	<u>396,343</u>	<u>264,920</u>
<i>Restricted funds:</i>					
- restricted income funds	14	2,845,373	2,216,345	-	-
- restricted fixed asset funds	14	<u>54,986,351</u>	<u>50,240,742</u>	<u>-</u>	<u>-</u>
		<u>57,831,724</u>	<u>52,457,087</u>	<u>-</u>	<u>-</u>
		<u>59,420,499</u>	<u>53,864,589</u>	<u>396,343</u>	<u>264,920</u>

These accounts were approved by the Board on 6 March 2009.

Sir Peter Vardy
Chairman

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated cash flow statement
for the year ended 31 August 2008

	Notes	2008 £	2007 £
Net cash inflow from operating activities	15	8,602,965	2,684,392
Returns on investments and servicing of finance			
Interest received		294,260	199,642
		<hr/>	<hr/>
		8,897,225	2,884,034
Capital expenditure			
Payments to acquire tangible fixed assets	10	(7,154,770)	(1,701,142)
		<hr/>	<hr/>
Increase in cash	16	1,742,455	1,182,892
		<hr/> <hr/>	<hr/> <hr/>

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

1 Accounting policies

Accounting conventions

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, the recommendations of Statement of Recommended Practice: Accounting and Reporting by Charities, and the Companies Act 1985.

Basis of consolidation and accounting period

The consolidated financial statements include the results, assets and liabilities of the Charity, Emmanuel College, The King's Academy, Trinity Academy, Bede Academy (all subsidiary charities of The Emmanuel Schools Foundation), EC Educational Services Limited and Bede Academy (Project Management) Limited. The results of the subsidiaries are consolidated on a line-by-line basis. The current accounting period covers the year to 31 August 2008. The corresponding amounts are for the year to 31 August 2007.

Income

Fixed asset grants are included in the financial statements on a receivable basis. The balance of income received for a specific purpose but not matched to relevant expenditure during the period is carried forward within restricted funds on the balance sheet. The annual recurrent grant from the Department for Children Schools and Families (DCSF) is credited direct to the statement of financial activities.

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they can be assured with reasonable certainty.

Expenditure

The costs of activities in furtherance of charitable objectives includes all expenditure attributable to those activities. They are included in the accounts on an accruals basis.

Support costs primarily relate to premises costs and the cost of support staff and is included on an accruals basis.

Governance and administration costs include all the expenditure on administration of the charitable Group and compliance with constitutional and statutory requirements and an appropriate apportionment of indirect costs.

Where costs cannot be directly attributable to particular headings they have been allocated on a basis consistent with the use of resources or on the basis of staff headcount.

Fixed assets

All tangible fixed assets are initially recorded at cost. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their useful economic life. The related grants are credited to a specific restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet) and are released over the expected useful economic life of the asset on a basis consistent with the depreciation policy. The Trustees undertake an annual impairment review which considers the written down value of assets and the appropriateness of the depreciation policy.

Investments in unlisted subsidiaries are stated at cost.

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

1 Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and leasehold properties - 50 years straight line;

Plant and equipment - 5 years straight line.

Fund accounting

The Charity operates restricted and unrestricted funds. Restricted funds relate to amounts received which have been specified for a particular use by the donor. All other funds are unrestricted funds which the Charity may use for its charitable purposes at its discretion. Within unrestricted funds, the Charity may designate certain funds for specific purposes.

Pensions

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the DCSF. As the Group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Group in the year.

Local Government Pension Scheme

Some non-teaching members of staff are offered membership of one of two Local Government Pension Schemes (LGPS). Each LGPS is a defined benefit pension scheme and is able to identify the relevant school's share of assets and liabilities, and the requirements of FRS 17, Retirement Benefits, have been followed.

The Group's share of the LGPS assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Value added tax

The main Charity and its four subsidiary charities are not VAT registered and any irrecoverable input tax is included within the expenditure to which it relates.

Operating leases

Rentals payable under operating leases are charged to the statement of financial activities as they are incurred.

2 Voluntary income

	2008	2007
	£	£
Donations to The Emmanuel Schools Foundation	-	6,200
Donations to school funds	6,489	13,146
	<hr/>	<hr/>
	6,489	19,346
	<hr/>	<hr/>

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2008

3 Public sector funding	2008	2007
	£	£
DCSF annual grants	21,075,948	18,696,200
DCSF capital grants	6,800,868	1,453,027
Other government grants	84,185	-
Local Education Authority grants	1,422,311	1,945,786
	<u>29,383,312</u>	<u>22,095,013</u>

All of the above income is restricted. Capital grants are included within the restricted fixed asset funds of the Charity. All other grants are included within restricted income funds.

4 Provision of education	2008	2007
	£	£
Staff costs	13,224,828	13,122,016
Educational resources	1,391,307	1,181,573
Premises costs	1,280,104	1,130,043
Technology costs	31,577	236,233
	<u>15,927,816</u>	<u>15,669,865</u>
Depreciation	1,336,782	1,587,473
	<u>17,264,598</u>	<u>17,257,338</u>

5 Support costs	2008	2007
	£	£
Staff costs	2,183,827	1,941,720
Premises costs	489,921	303,201
Technology costs	37,459	65,093
Other support costs	351,172	52,938
	<u>3,062,379</u>	<u>2,362,952</u>
Depreciation	633,572	415,977
	<u>3,695,951</u>	<u>2,778,929</u>

6 Governance costs	2008	2007
	£	£
Staff costs	1,686,224	1,084,958
Premises costs	378,253	289,843
Technology costs	10,213	64,068
Administration costs	233,060	262,526
	<u>2,307,750</u>	<u>1,701,395</u>
Depreciation	438,807	377,538
	<u>2,746,557</u>	<u>2,078,933</u>

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

7 Transfers

The transfers to restricted fixed asset funds represent capital expenditure financed from the surplus annual grant or from other sources.

8 Net incoming resources for the year

	2008 £	2007 £
This is stated after charging:		
Depreciation of owned fixed assets	2,409,161	2,380,988
Directors' remuneration (for Bede Academy (Project Management) Ltd)		
- Salaries	69,646	69,646
- Pensions	5,572	5,572
Auditors' remuneration		
- Statutory audit	26,837	33,779
- Internal audit	11,998	13,395
- Other services	-	2,968

9 Staff costs

	2008 £	2007 £
Wages and salaries	14,349,634	13,091,205
Social security costs	1,066,625	1,023,729
Other pension costs	1,678,620	1,716,560
	17,094,879	15,831,494

Average number of employees during the year

	Number	Number
Teaching	275	304
Teaching support and administration	206	181
	481	485

Number of staff who have earned:

	Number	Number
£60,000 to £70,000	7	4
£70,000 to £80,000	-	-
£80,000 to £90,000	-	-
£90,000 to £100,000	-	2
£100,000 to £110,000	3	1
£120,000 to £130,000	1	1

The eleven members of staff earning more than £60,000 also have retirement benefits accruing under defined benefit pension schemes.

The Trustees receive no remuneration for their services as Trustees. One of the Foundation's Trustees was reimbursed for out of pocket expenses amounting to £3,915 (2007 - £3,499) during the year, and one Trustee received remuneration from Bede Academy (Project Management) Limited for management services to that company (as shown in Note 8).

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

10 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 September 2007	31,782,104	20,489,436	8,375,178	60,646,718
Additions	415,300	6,076,835	662,635	7,154,770
At 31 August 2008	32,197,404	26,566,271	9,037,813	67,801,488
Depreciation				
At 1 September 2007	3,669,827	1,554,236	5,181,913	10,405,976
Charge for the year	691,132	364,449	1,353,580	2,409,161
At 31 August 2008	4,360,959	1,918,685	6,535,493	12,815,137
Net book value				
At 31 August 2007	28,112,277	18,935,200	3,193,265	50,240,742
At 31 August 2008	27,836,445	24,647,586	2,502,320	54,986,351

The main Charity holds no tangible fixed assets in its own right.

11 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 September 2007 and 31 August 2008	1

The Foundation holds 20% or more of the share capital of the following UK registered companies:

Company	Shares held Class	%
EC Educational Services Limited	Ordinary	100

12 Debtors	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Trade debtors	318,087	18,629	-	-
Amounts due from subsidiaries	-	-	72,048	-
Other debtors	179,550	62,451	-	-
Prepayments and accrued income	1,465,584	522,338	3,310	-
	1,963,221	603,418	75,358	-

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2008

13 Creditors: amounts falling due within one year

	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Trade creditors	2,224,221	966,177	-	-
Amounts owed to subsidiaries	-	-	105,356	141,626
Taxes and social security costs	377,604	339,235	-	-
Other creditors	451,864	305,066	-	13,749
Accruals and deferred income	560,275	351,529	4,500	6,874
	<u>3,613,964</u>	<u>1,962,007</u>	<u>109,856</u>	<u>162,249</u>

14 Restricted funds

	Balance at 1 Sep 2007 £	Incoming resources £	Outgoing resources £	Balance at 31 Aug 2008 £
Restricted income funds:				
- Emmanuel College income fund	564,029	6,941,019	(6,951,433)	553,615
- Emmanuel College PF&F fund	32,111	6,489	-	38,600
- The King's Academy income fund	758,391	8,557,656	(8,061,091)	1,254,956
- Trinity Academy income fund	859,199	7,615,959	(7,476,641)	998,517
- Trinity Academy Alumni fund	6,015	150	-	6,165
- Bede Academy income fund	(3,400)	344,134	(347,214)	(6,480)
	<u>2,216,345</u>	<u>23,465,407</u>	<u>(22,836,379)</u>	<u>2,845,373</u>
Restricted fixed asset funds:				
- Emmanuel College building fund	7,683,417	251,232	(76,216)	7,858,433
- The King's Academy building fund	18,942,510	-	(781,922)	18,160,588
- Trinity Academy building fund	23,003,172	472,801	(1,197,121)	22,278,852
- Bede Academy building fund	611,643	6,076,835	-	6,688,478
	<u>50,240,742</u>	<u>6,800,868</u>	<u>(2,055,259)</u>	<u>54,986,351</u>

The four income funds represent DCSF and LEA funding including a General Annual Grant (GAG) which must be used for the normal running costs of the schools including salaries and related costs, overheads, repairs and maintenance and insurance. Each school is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount 2% of the GAG can be used for a general purpose at the discretion of the school, but any balance above this must be for capital purposes.

The four building funds represent public and private sector income received to finance the capital cost of buildings, plant and equipment.

The Emmanuel College Parents, Family and Friends Fund (PF&F) and the Trinity Academy Alumni fund are separate funds set up to receive and distribute other donations.

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2008

15 Reconciliation of operating surplus to net cash inflow from operating activities

	2008 £	2007 £
Net incoming resources for the year	5,555,910	332,914
Interest receivable	(294,260)	(199,642)
Operating surplus	5,261,650	133,272
Depreciation charges	2,409,161	2,380,988
Increase in debtors	(1,359,803)	(167,381)
Increase in creditors	2,291,957	337,513
Net cash inflow from operating activities	8,602,965	2,684,392

16 Reconciliation of net cash flow to movement in net funds

	2008 £	2007 £
Increase in cash in the year	1,742,455	1,182,892
Change in net debt	1,742,455	1,182,892
Net funds at 1 September 2007	5,060,436	3,877,544
Net funds at 31 August 2008	6,802,891	5,060,436

17 Analysis of changes in net debt

	At 1 Sep 2007 £	Cash flows £	Non-cash changes £	At 31 Aug 2008 £
Cash at bank and in hand	5,060,436	1,742,455	-	6,802,891
Total	5,060,436	1,742,455	-	6,802,891

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

18 Contingent liabilities

In the event, during the period of the funding agreement with the DCSF, of the sale or disposal by other means, of any asset for which a capital grant was received, the receiving Charity shall, if it does not re-invest the proceeds, repay to the DCSF the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost that was met by the DCSF.

Upon termination of the funding agreement, whether as a result of the Secretary of State for the DCSF or the subsidiary charity serving notice, the Charity shall repay sums determined by reference to, the value at the time of the site, premises and other assets held for the purpose of the charitable company, and the extent to which expenditure in providing those assets was met by the DCSF.

19 Related parties

For the year ended 31 August 2008 there were no related party transactions or balances that require disclosure under FRS 8, 'Related party disclosures'.

20 Pension commitments

The Group operates three defined benefit pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and two Local Government Pension Schemes (LGPS) for non-teaching staff, managed by Middlesbrough and Doncaster councils.

The total pension cost to the Group during the year ended 31 August 2008 was £1,678,620 (2007 £1,716,560) of which £1,413,077 relates to the TPS, £47,416 relates to Norwich Union and £218,127 relates to the two Local Government Pension Schemes.

Teachers Pension Scheme:

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the TPS scheme is classed as a multi-employer pension schemes. The Group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the Group taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The latest information available for the scheme is set out below.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education.

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

20 Pension commitments (continued)

Membership is automatic for full-time teachers or lecturers and, from 1 January 2007, automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers are employed by LEAs and various other bodies, their retirement and other superannuation benefits, including annual increases payable under the Pensions (Increase) Acts, are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the TPS, which is an unfunded scheme, teachers' contributions, on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, (TPA) to be kept of receipts and expenditure (including the cost of pension increases). With effect from 1 April 2001, the account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Contributions are assessed in two parts. First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the TPA for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate will be 19.75% plus a supplementary contribution rate of 0.75%; a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement will also introduce, for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

A copy of the GA's report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

20 Pension commitments (continued)

Local Government Pension Scheme:

Two of the Group's subsidiaries, The King's Academy and Trinity Academy, are each one of several employing bodies included within their respective Local Government Pension Schemes (LGPS).

Each LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to each scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contributions made for the year ended 31 August 2008 were £323,646 of which employer's contributions totalled £218,126 and employees' contributions totalled £105,520. The agreed contribution rates for the year ended 31 August 2008 were 13.7% for King's Academy plus 14.1% for Trinity Academy for employers and 6% for employees.

The following information is based upon full actuarial valuations of the funds at 31 March 2004, updated to 31 August 2008 by qualified independent actuaries.

The major assumptions made by the actuary of each scheme as at 31 August are set out below:

The King's Academy	2008	2007	2006	2005	2004
Price increases	4.0%	3.5%	3.2%	2.9%	2.9%
Salary increases	6.0%	5.0%	5.2%	4.9%	4.9%
Pension Increases	4.0%	3.5%	3.2%	2.9%	2.9%
Discount rate	6.3%	5.8%	5.0%	5.1%	5.8%
Trinity Academy	2008	2007	2006	2005[†]	2004[†]
Price increases	3.6%	3.1%	2.9%	n/a	n/a
Salary increases	5.1%	4.9%	4.7%	n/a	n/a
Pension Increases	3.6%	3.1%	2.9%	n/a	n/a
Discount rate	6.1%	5.4%	4.9%	n/a	n/a

The expected long term rates of return were:

The King's Academy	2008	2007	2006	2005	2004
Equities	7.7%	7.9%	7.5%	7.5%	7.9%
Gilts	4.6%	4.8%	4.4%	4.5%	5.4%
Other bonds	6.3%	5.8%	5.1%	5.3%	5.4%
Property	7.2%	7.4%	7.0%	7.0%	6.7%
Cash	5.0%	6.0%	4.5%	4.3%	4.5%
Trinity Academy	2008	2007	2006	2005[†]	2004[†]
Equities	7.5%	7.5%	7.0%	n/a	n/a
Gilts	4.6%	4.7%	4.3%	n/a	n/a
Other bonds	6.1%	5.4%	4.9%	n/a	n/a
Property	6.5%	6.5%	6.0%	n/a	n/a
Cash	5.25%	5.2%	4.5%	n/a	n/a

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

20 Pension commitments (continued)

Each Academy's share of the assets and liabilities in the schemes as at 31 August were:

The King's Academy	2008	2007	2006	2005	2004
	£ 000	£ 000	£ 000	£ 000	£ 000
Equities	1,473	1,138	1,255	996	649
Gilts	187	540	161	143	-
Other bonds	24	22	21	31	130
Property	89	96	80	68	51
Cash	222	202	156	114	83
Total fair value of assets	1,995	1,998	1,673	1,352	913
Present value of scheme liabilities	(2,460)	(1,931)	(1,860)	(1,474)	(1,047)
Net pension asset (liability)	(465)	67	(187)	(122)	(134)
Trinity Academy	2008	2007	2006	2005 †	2004
	£ 000	£ 000	£ 000	£ 000	£ 000
Equities	628	586	479	-	-
Gilts	152	133	112	-	-
Other bonds	74	61	58	-	-
Property	115	104	79	-	-
Cash	30	6	11	-	-
Total fair value of assets	999	890	739	-	-
Present value of scheme liabilities	(1,252)	(1,035)	(913)	-	-
Net pension liability	(253)	(145)	(174)	-	-

† The year ended 31 August 2006 was the first year of teaching for Trinity Academy.

Analysis of amount chargeable to income and expenditure:

	The King's Academy		Trinity Academy	
	2008	2007	2008	2007
	£ 000	£ 000	£ 000	£ 000
Employer service cost	195	208	103	109
Past service cost	-	-	16	-
Total operating charge	195	208	119	109

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2008

20 Pension commitments (continued)

Analysis of pension finance return (cost):

	The King's Academy		Trinity Academy	
	2008	2007	2008	2007
	£ 000	£ 000	£ 000	£ 000
Expected return on employers share of scheme assets	129	120	62	48
Interest on pension liabilities	(118)	(99)	(60)	(48)
Pension finance return	11	21	2	-

Amount recognised in the statement of financial activities:

	The King's Academy		Trinity Academy	
	2008	2007	2008	2007
	£ 000	£ 000	£ 000	£ 000
Actual return less expected return on scheme assets	(140)	46	(67)	7
Experience gains and losses arising on scheme liabilities	(152)	-	13	-
Changes in assumptions underlying the present value of the scheme liabilities	(182)	284	-	69
Actuarial gain (loss) recognised	(474)	330	(54)	76

Movement in deficit during the year:

	The King's Academy		Trinity Academy	
	2008	2007	2008	2007
	£ 000	£ 000	£ 000	£ 000
Surplus (defecit) at 1 September	67	(187)	(145)	(174)
Current service cost	(1)	(208)	(103)	(109)
Employer contributions	(195)	111	63	62
Past service costs	136	-	(16)	-
Other finance income	(9)	21	2	-
Settlements curtailments	11	-	(54)	-
Actuarial gain (loss)	(474)	330	-	76
Deficit (surplus) at 31 August	(465)	67	(253)	(145)

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2008

20 Pension commitments (continued)

History of experience gains and losses:

The King's Academy	2008 £ 000	2007 £ 000
Difference between the expected and actual return on assets	(140)	46
Value of assets	1,995	1,998
<i>Percentage of assets</i>	<i>(7.0%)</i>	<i>2.3%</i>
Experience gains (losses) on liabilities		-
Present value of liabilities	2,460	1,931
<i>Percentage of the present value of liabilities</i>	<i>0.00%</i>	<i>0.0%</i>
Actuarial gains (losses) recognised	(474)	330
Present value of liabilities	2,460	1,931
<i>Percentage of the present value of liabilities</i>	<i>(19.2%)</i>	<i>17.1%</i>
Trinity Academy	2008 £ 000	2007 £ 000
Difference between the expected and actual return on assets	(71)	7
Value of assets	999	890
<i>Percentage of assets</i>	<i>(7.1%)</i>	<i>0.8%</i>
Experience gains (losses) on liabilities	4	-
Present value of liabilities	1,252	1,035
<i>Percentage of the present value of liabilities</i>	<i>0.3%</i>	<i>0.0%</i>
Actuarial gains (losses) recognised	(54)	76
Present value of liabilities	1,252	1,035
<i>Percentage of the present value of liabilities</i>	<i>(4.3%)</i>	<i>7.3%</i>